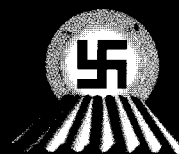


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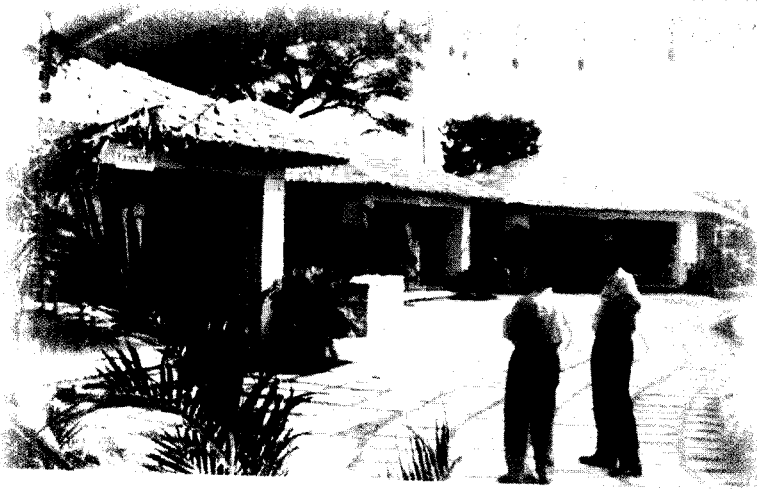
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THE ROOF OF INDIA

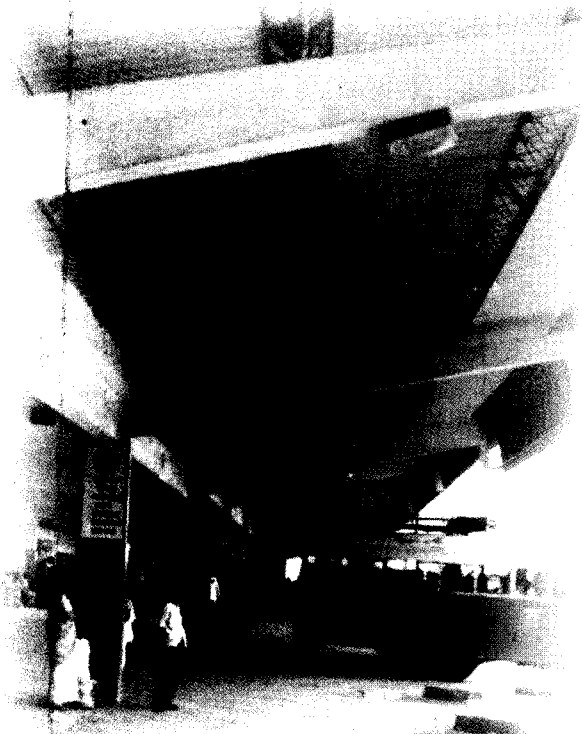
**SAHYADRI INDUSTRIES LTD.**



**CORR. ROOFING SHEETS COVERED  
WITH THATCH FOR RESORTS**



**INDUSTRIAL SHED  
(NORTH LIGHT ROOF STRUCTURE)**



**CORR. SHEETS USED FOR BUS STANDS**



**BOARD OF DIRECTORS :**

Mr. P. L. Patel	- Chairman
Mr. V. L. Patel	- Managing Director
Mr. J. P. Patel	- Executive Director
Mr. S. V. Patel	- Director Commercial
Mr. D. B. Kasad	- Wholetime Director
Mr. S. U. Koshti	- Director
Mr. M. P. Kulkarni	- Director
Mr. S. U. Joshi	- Director
Mr. C. P. Shah	- Director
Mr. J. Awate	- Director

**REGISTERED OFFICE :**

' Swastik House '  
39/D, Gultekdi,  
J. N. Road,  
Pune 411 037

**FACTORY**

a. Plot No. 39, 44, 46 to 49  
Block No. D III, MIDC, Chinchwad,  
Pune - 411 019

b. Gat No. 322/323, Village Kedgaon,  
Taluka : Daund, District : Pune

**AUDITOR :**

M/s. Parag Patwa & Associates,  
Chartered Accountants,  
Patil Plaza, Parvati,  
Pune 411 009

**BANKERS**

1. Cosmos Co-op Bank Ltd, Camp Branch, Pune
2. Indian Overseas Bank, Camp, Pune
3. Oriental Bank of Commerce, Camp, Pune
4. Corporation Bank, East Street, Pune
5. ICICI Bank Ltd., Satara Road Branch, Pune
6. Central Bank of India, S. S. Road Branch, Pune
7. HDFC Bank Ltd., Bhandarkar Road Branch, Pune

**R & T Agent**

M/s Sharex Dynamic (India) Pvt. Ltd.  
Unit 1, Luthra Industrial Premises  
Safed Pool, Andheri (E)  
Mumbai - 400 072



**NOTICE**

Notice is hereby given that the 12th Annual General Meeting of the Members of the Company will be held on 22nd September, 2006 at 3.30 p.m. at Plot No 39, Block No.D III, MIDC, Chinchwad, Pune - 411 019 to transact the following business :-

**ORDINARY BUSINESS :**

1. To adopt the Balance Sheet of the Company as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date along with the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. S. V. Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. J. P. Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. D.B. Kasad, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors of the Company.

**SPECIAL BUSINESS :**

7. To pass, with or without modification, the following resolution as an ordinary resolution :
  - a. " RESOLVED THAT Mr. Jaykumar Awate, who has given his consent to act as Director, be and is hereby appointed as a Director, liable to retire by rotation."
  - b. " RESOLVED THAT Mr. Chirag Praveen Shah, who has given his consent to act as Director, be and is hereby appointed as a Director, liable to retire by rotation."

**On behalf of the Board of Directors,**

**Place : Pune**  
**Date : 30.06.2006**

**V. L. Patel**  
**Managing Director**

**P. L. Patel**  
**Chairman**

**NOTES :**

1. A member entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. Duly filled and signed proxy forms, in order to be effective should reach the Company at least 48 hours before the Annual General Meeting.
2. Members / Proxies should bring their duly filled up Attendance Slips at the meeting.
3. The Register of members and transfer books of the Company shall remain closed from 19/9/06 to 22/9/06 (both dates inclusive) for recording transfers / for preparation of the list of members for payment of final dividend, if declared at the Annual General Meeting.
4. Members are requested to communicate change in address, if any, immediately to the Company/ R & T Agent. Shareholders holding shares in dematerialised form shall inform any change in their details to their respective Depository Participant only.
5. Any query on accounts or any matter as mentioned in this notice can be sent in writing to the Company at least 10 days before the Annual General Meeting.
6. Members are requested to bring the copy of the Annual Report at the meeting, as the same may not be distributed again at the meeting venue.



**ITEMS REQUIRING EXPLANATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT :**

Item No. 3, 4 and 5 of the Notice :

It is proposed to re-appoint Mr. S. V. Patel, Mr. J. P. Patel and Mr. D. B. Kasad, Director of the Company who are retiring this year and being eligible have offered themselves for re-appointment.

**A) Mr. S. V. Patel :**

Mr. S. V. Patel is a Commerce Graduate. He has been on the Board of the Company since 1998. He possesses very good experience in accounting, marketing, finance and business strategies. He is also the Director on the Board of Poonam Roofing Products Private Ltd. He is not on the Committee of any Public Limited Company.

**B) Mr. J. P. Patel :**

Mr. J. P. Patel has done Graduation in India and Management Studies abroad. He has been on the Board of the Company since 1999. He is in the field of Fibre Cement Roofing Sheets for last about 10 years. He is also on the Board of Poonam Roofing Products Limited. He is not on the committee of any Public Limited Company.

**C) Mr. D. B. Kasad :**

Mr. D. B. Kasad is an Electrical and Mechanical Engineer. He has been on the Board of the Company since 1999. He has the engineering experience of designing, fabricating and maintaining cement fibre plant. He is not on the committee of any Public Limited Company.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 :**

**ITEM NO. 7 :**

Mr. Jaykumar Awate and Mr. Chirag Praveen Shah were co-opted as Additional Directors of the Company in the Board meeting held on 30th January, 2006. Being Additional Directors, they cease to be directors from the date of Annual General Meeting.

Mr. Jaykumar Awate is an Agriculturalist. Mr. Chirag P. Shah is a Chartered Accountant. Notices under Section 257 of the Companies Act, 1956, were received along with deposit of Rs. 500/- each from members proposing the candidature of Mr. Jaykumar Awate and Mr. Chirag Shah, for appointment as directors of the Company and hence the resolution under the item.

Other than Mr. Jaykumar Awate and Mr. Chirag P. Shah, no other Director may be deemed to be interested in their respective resolutions. It is in the interest of the Company to continue them as Directors and the Board recommends their appointments.

**On behalf of the Board of Directors,**

**Place : Pune**  
**Date : 30.06.2006**

**V. L. Patel**  
**Managing Director**

**P. L. Patel**  
**Chairman**



# SAHYADRI INDUSTRIES LIMITED

## DIRECTOR'S REPORT

The Shareholders,

Your Directors are pleased to present before you the 12th Annual Report on the business and operations of the Company along with the Audited Annual Financial Statements for the Year ended 31st March, 2006.

### **FINANCIAL RESULTS :**

The comparative financial results with respect to the previous year are :-

Particulars	2005-06	2004-05
	(Rs. in Lacs)	(Rs. in Lacs)
Sales and Other Income	11,349.14	5,081.53
Profit Before Interest and Depreciation	2,632.11	1,281.62
Interest	4,36.39	1,89.04
Depreciation	4,74.47	3,97.06
Profit Before Tax	1,721.25	6,95.52
Provision for Taxation Including Deferred Tax	6,14.51	2,16.43
Profit After Tax	1,106.74	4,79.09
Income Tax For Previous Year	63.14	--
Dividend (including Preference Dividend and Dividend Tax)	2,26.60	1,80.91
Transfer to General Reserve	1,10.71	47.91
Profit C/f to Balance Sheet	7,06.29	2,50.27

### **AMALGAMATION WITH GROUP COMPANY SWASTIK ROOFING LIMITED :**

The Scheme of Amalgamation, as recommended by your Board of Directors in their meeting held on 11th March, 2005, has been approved by the Honorable High Court, Bombay, vide Order dt. 25/11/2005.

One of the clauses in the scheme also provides for change of name of New Sahyadri Industries Limited to Sahyadri Industries Limited. Your Board of Directors took note of the said order in its meeting held on 30th January, 2006. With the filling of Form No.21 with the Registrar of Companies, Pune, on 1st February, 2006, the amalgamation of Swastik Roofing Limited has become fully complete. On the same day, the Company has received a new Certificate of Incorporation consequent to change of name from Registrar of Companies, Pune.

Your Board of Directors fixed 28th day of February, 2006 as Record date in consultation with the Bombay Stock Exchange Limited for allotment of 1 Equity Share of Rs. 10/- each of the Company to the then Equity shareholders of Swastik Roofing Limited in the ratio of 1:1, as per Scheme, approved by the Honorable High Court, Bombay. Allotment of shares took place on 06 th March, 2006 and application for listing filed with the Bombay Stock Exchange Ltd. on 4th of April, 2006. Listing & trading approvals are expected shortly.

As appointed date of the amalgamation was 1 st April, 2005 the above results of the Company was stand-alone results for 2004-2005 and consolidated for 2005-2006.

### **PERFORMANCE OF THE COMPANY :**

Your Company's sales have substantially increased with the up gradation of plant at Kedgaon. Your Board is confident that with the commencement of commercial operations by the new plant at Erode, the turnover will continue with accelerated increase in the forthcoming financial years.





# SAHYADRI INDUSTRIES LIMITED

Your Company has generated satisfactory income from its windmill division. During the year under review, your Company has set up 2 more Windmills at Sangli District and these windmills would further enhance the income from the division.

## **DIVIDEND :**

A proportionate dividend @ 2 % was paid as dividend to the Preference Shareholders for the period from 01.04.2005 to 30.06.2005, when the said shares were redeemed.

A dividend @ 20% is proposed to be paid to the Equity Shareholders of the Company, including the erstwhile shareholders of Swastik Roofing Limited, who have become new shareholders subsequent to Amalgamation of the Swastik Roofing Limited with the Company

## **FUTURE PLANS :**

Your Company has already purchased land to set up a new project in Surat, Gujarat, and plans for setting up the project are in full swing.

## **MANAGEMENT DISCUSSION AND ANALYSIS :**

### **INDUSTRIAL STRUCTURE AND DEVELOPMENT**

The Governments at both the Central as well as the State are conscious of the importance for creation and expansion of Infrastructural facilities in the Country and are in the process of encouraging the same. Building Construction being one of the major fields for creation of infrastructure, your Company's product of Fibre Cement Roofing Material has a very good potential demand, both in rural as well as urban areas. The Industry has been growing steadily at more than 10% rate and your Company is not anyway lagging behind. Your Company has already created a good brand image and brand name of 'Swastik' has its own market.

Again with the importance of industrialization once again gaining momentum, wind-power generation is also gaining much importance. The demand for power is far in excess of supply and it is the non-conventional energy, which alone can meet the excess demand. Power generated by your Company's windmills partly met captive power consumption, while the remaining was sold.

### **OPPORTUNITIES AND THREATS**

With expectation of moderate to good Monsoon in 2006-2007, general industrial atmosphere appears to be encouraging and with that demand for building materials also is expected to grow up.

However, with all players in the field going for massive expansion of their capacities, constant pressure on prices always exists.

Likewise, a good monsoon also helps in better wind power generation.

### **OUTLOOK :**

Research and Development department of your Company has been endeavoring constantly to introduce innovative quality products, aiming at both improvement in quality and quantity. The export market is also very favourable for the Company's products and steadily our efforts to tap more markets abroad continues. At present the products of the Company are being exported to Gulf countries and African countries under the brand 'STRONGROOF'. In these markets, our product has got good response, besides generating goodwill and recognition for our brand-name 'STRONGROOF'.



## SAHYADRI INDUSTRIES LIMITED

### **RISKS AND CONCERNS :**

The anti-asbestos campaign is the major concern. The Association of Asbestos Product Manufactures has been taking initiatives and is trying to create and improve awareness that Asbestos Fibre Cement products are not harmful when produced with defined precautions. Besides, the creation of additional capacities and opening of new manufacturing facilities by all the competitors and consequent increase in supply are putting great pressure on pricing of the products of the Company.

### **FINANCIAL PERFORMANCE :**

The Company faces price pressure. However, margins are substantially balanced by strict control over the cost on various fronts. Your Company is expected to perform and achieve much better results in coming years.

### **BANKS AND FINANCIAL INSTITUTIONS :**

Your Company is getting excellent co-operation from all its bankers and financial institutions. The bankers have also placed faith in the Company by sanctioning fresh term loans and additional capital facilities. Your Company is also prompt in repayment of its dues. The Board of Directors appreciates the wholehearted support and encouragement extended by the banks.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company's operations are audited by a team of qualified internal auditors at Head Office level as well as depot level. The audit committee takes an overlook of the audit systems and internal controls. The Company has strong internal control systems in operation.

### **HUMAN RESOURCES :**

Your Company has maintained normal and peaceful industrial relations with labour. The Company is always keen to improve the effectiveness and competency of its labour force. The Directors of the Company wish to place on record their appreciation for the hard work and dedication of its employees at all levels.





# SAHYADRI INDUSTRIES LIMITED

## DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors confirm :

1. That in the preparation of the Annual accounts, the applicable accounting standards have followed and that no material departure has been made from the same;
2. That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit/ Loss of the Company for that period;
3. That to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That they have prepared the annual accounts on a going concern basis.

## CORPORATE GOVERNANCE :

Though the Company's equity shares were not listed as on 31 st March, 2006 the Company has been complying with requirements of Clause 49 of the Listing Agreement. Status of compliance of Corporate Governance and Auditors Certificate on Corporate Governance Report are annexed to this report.

## DIRECTORS :

Mr. Jaykumar Awate and Mr. Chirag P. Shah were co-opted as Directors of your Company by the Board of Directors in their meeting held on 30th January, 2006. Being Additional Directors, they cease to be Directors from the date of Annual General Meeting. Notice under Sec.257 of the Companies Act, 1956, were received along with deposits of Rs. 500/- each from members proposing the candidature of Mr. Jaykumar Awate and Mr. Chirag P. Shah for appointment as Directors of the Company. Resolutions appointing them form part of notice of Annual General Meeting and your Directors recommend their adoption.

Mr. S.V. Patel, Mr. J. P. Patel and Mr. D. B. Kasad, Directors, retire at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

## AUDITORS :

M/s. Parag Patwa & Associates, Chartered Accountants, the Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The requisite Certificate pursuant to Section 224 of the Companies Act, 1956 has been received.

## EMPLOYEES :

The Company has no employee whose particulars are required to be disclosed pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.



# SAHYADRI INDUSTRIES LIMITED

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The details about conservaion of energy, technology absorption, foreign exchange earning and outgo as required by section 217 (1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as given below.

### A) CONSERVATION OF ENERGY :

A) FORM A - CONSERVATION OF ENERGY - NOT APPLICABLE

B) FORM B - RESEARCH AND DEVELOPMENT :

Expenditure on R & D: No expenditure exclusively on R & D has been incurred during the year.

### B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

No technology has been imported. The in-house technology is continuously upgraded to improve the overall performance of the Company.

### C) FOREIGN EXCHANGE EARNINGS & OUT GO :

(i) Foreign Exchange Earned	
Export of Goods :	Rs. 19,156,497/-
(ii) Foreign Exchange Outgo :	Rs. 335,554,366/-

### ACKNOWLEDGMENT :

Your Directors express their sincere thanks to the Bankers, Dealers, Suppliers for the support and co-operation extended to the Company. Your Directors would further like to record their appreciation of the efforts of every employee for the results achieved during the year.

On behalf of the Board of Directors,

Place : Pune  
Date : 30.06.2006

V. L. Patel  
Managing Director

P. L. Patel  
Chairman